

STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING – DIVISION OF FINANCIAL ASSISTANCE
JUNE 16, 2005

ITEM 3

SUBJECT

CONSIDERATION OF A RESOLUTION APPROVING PROJECTS AND AUTHORIZING ISSUANCE OF GRANTS FROM PROPOSITION 40, PROPOSITION 50 AND CLEAN WATER ACT (CWA) SECTION 319(h) TO IMPLEMENT THE AGRICULTURAL WATER QUALITY GRANT PROGRAM (AWQGP) AND NONPOINT SOURCE (NPS) IMPLEMENTATION GRANT PROGRAM

DISCUSSION

The State Water Resources Control Board (State Water Board) was appropriated \$11.4 million from the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* ([Proposition 40](#)) and \$29.5 million from the *Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002* (Proposition 50) for the AWQGP. By June 30, 2005, \$9.5 million appropriated from Proposition 50 in State Fiscal Year (SFY) 2004-2005 must be encumbered. The State Water Board also anticipates receiving approximately \$4.6 million from the United States Environmental Protection Agency's (USEPA) CWA Section 319(h) grant program in federal fiscal year (FFY) 2005 and will provide additional monies from available funds from a prior year grant to fully support the CWA Section 319(h) grant projects. These three fund sources were combined in the consolidated solicitation package based on the AWQGP and NPS Implementation Grant Program Guidelines (Guidelines) adopted by the State Water Board on August 26, 2004.

On September 8, 2004, public agencies and non-profit organizations were invited to submit proposals for the AWQGP the Proposition 40 Project Planning Monitoring, Proposition 50 and the CWA Section 319(h) NPS Implementation Grant Programs. The deadline to submit proposals was November 10, 2004. Staff held five workshops during the solicitation period around the State to assist applicants in developing their project proposals. Seventy-one grant applications were submitted electronically, and 69 project proposals were found eligible. The total amount of funding requested by grant applicants under the consolidated solicitation was \$39,368,580.

The Guidelines identify two types of projects eligible for grant funding.

- Implementation Projects propose to implement management measures and practices to reduce or eliminate polluted runoff from irrigated agricultural land. Implementation projects to reduce other NPS pollution sources may be considered for the CWA Section 319(h) program. Implementation projects may be funded up to a maximum of \$1 million from Proposition 50 funds or CWA Section 319(h) funds. Applicants must provide at least 20 percent of the total project costs with their own funds unless they qualify as a disadvantaged community.
- Project Planning Monitoring Projects propose to monitor surface water to further define and identify sources of polluted runoff from irrigated agricultural land and develop specific projects that can be implemented to reduce or eliminate this runoff. Monitoring projects may be funded up to a maximum of \$500,000 from Proposition 40 funds. Applicants must provide at least 50 percent of the total project cost with their own funds unless they qualify as a disadvantaged community.

Each proposal received by November 10, 2004, was assigned to at least three independent technical reviewers from a pool of eight Regional Water Quality Control Boards (Regional Water Boards) and nine outside organizations (USEPA – Region 9, CA Bay-Delta Authority, CA Department of Food and Agriculture, US Geologic Survey, CA Association of Resource Conservation Districts, CA Department of Pesticide Regulation, Wetlands Subcommittee of the Interagency Coordination Committee, UC Davis Department of Entomology, and UC Sustainable Agriculture Research and Education Program. For consistency, CA Department of Food and Agriculture staff reviewed all 69 eligible proposals.

The AWQGP Selection Panel was comprised of liaisons from the 17 technical reviewers/organizations listed above as well as staff from the Division of Financial Assistance (Division). The Selection Panel met on January 26-27, 2005, and developed a proposed Recommended Projects List (RPL). The State Water Board adopted on March 16, 2005, a RPL that identified projects totaling \$1,999,893 for Proposition 40 funding and projects totaling \$11,337,903 for Proposition 50 funding. At that time, it was acknowledged that the State Water Board would need to amend the RPL to include additional projects, including projects to be funded by CWA Section 319(h). The amended RPL was adopted on April 21, 2005 and reduced the projects identified for Proposition 50 by \$1,990,145 for a new total of \$9,347,758 by shifting the funding source of two projects to CWA Section 319(h). The amended RPL also identified \$3,765,718 for CWA Section 319(h) funding.

During the Selection Panel meeting on January 26-27, 2005, 31 proposals were listed as projects recommended for funding if the applicant made specific changes to the proposal or provided additional information. The applicants were contacted and asked to submit a revised proposal that addressed the changes requested by the Selection Panel. Thirty proposals were resubmitted by March 18, 2005. The Selection Panel reviewed the revised proposals and met on April 15, 2005, to discuss the proposals. The Selection Panel determined that 24 proposals had adequately revised their proposal to address their comments and should be funded. The amended RPL proposed for adoption by this Resolution includes all of the revised projects recommended by the Selection Panel on April 15, 2005. The proposed amendment to the RPL would add projects totaling \$499,990 for Proposition 40 funding, projects totaling \$13,824,521 for Proposition 50 funding and \$854,000 for CWA Section 319(h) funding.

Upon adoption of these additional projects, the total amount of funding recommended during this funding cycle totals \$2,499,883 for Proposition 40 funding, \$23,172,279 for Proposition 50 funding and \$4,619,718 for CWA Section 319(h) funding.

POLICY ISSUE

Should the State Water Board adopt a resolution to:

1. Approve funding for projects as recommended on the attached RPL?
2. Approve funding for CWA Section 319(h) projects as recommended in the attached RPL contingent on grant agreement for CWA Section 319(h) projects being executed after the State Water Board receives the CWA Section 319(h) funds from the USEPA?
3. Authorize the Executive Director, or her designee, or the Chief of the Division of Financial Assistance to issue grants, contracts, and amendments to implement the projects on the attached RPL?

FISCAL IMPACT

The following table presents the fiscal impact upon adoption of this resolution.

	Prop. 40	Prop. 50	Section 319(h)
Appropriated (*or projected grant amount)	\$11,400,000	\$29,500,000	\$4,566,586 ⁴
3/16/2005 RPL	\$1,999,893	\$11,337,903	\$0
4/21/2005 RPL Amendment	\$0	-\$1,990,145 ¹	\$3,765,718
Current Balance ²	\$9,400,107	\$20,152,242	\$800,868
Proposed Amendment	\$499,990	\$13,824,521	\$854,000
Prior Year 319(h) Funds	N/A	N/A	\$53,132 ⁴
Balance if Approved ³	\$8,900,117	\$6,327,721	\$0

¹The April 21, 2004, RPL amendment changed the funding source for two projects that were identified on the RPL adopted on March 16, 2005. The funding source for those two projects was changed from Proposition 50 to CWA Section 319(h).

²Amount of funding remaining upon adoption of the April 21, 2005 RPL amendment.

³Amount of funding remaining upon adoption of this resolution and approved projects.

⁴The State Water Board expects to have approximately \$4.57 million in FFY 2005 to support the CWA Section 319(h) projects. There is at least \$53,132 remaining from prior year grants to fund project amounts exceeding the FFY 2005 grant.

The State Water Board and Regional Water Boards have been provided with state operations funds from Proposition 40 and 50 and CWA Section 319(h) to administer these programs.

REGIONAL WATER BOARD IMPACT

Yes. Recommended Projects are in Regional Water Boards 3, 4, 5, 6, 7 and 9.

STAFF RECOMMENDATION

That the State Water Board:

1. Approve funding for projects as recommended on the attached Recommended Projects List.
2. Approve CWA Section 319(h) funding for projects as recommended in the attached Recommended Projects List contingent on the grant agreements being executed after the State Water Board receives the CWA Section 319(h) funds from USEPA.
3. Authorize the Executive Director, or her designee, or the Chief of the Division of Financial Assistance to issue grants, contracts, and amendments to implement the projects approved for funding and placed on the attached Recommended Projects List.

DRAFT

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2005 -

CONSIDERATION OF A RESOLUTION AUTHORIZING ISSUANCE OF PROPOSITION 40,
PROPOSITION 50 AND CLEAN WATER ACT (CWA) SECTION 319(h) GRANTS TO
IMPLEMENT THE AGRICULTURAL WATER QUALITY GRANT PROGRAM (AWQGP) AND
NONPOINT SOURCE (NPS) IMPLEMENTATION GRANT PROGRAM

WHEREAS:

1. The State Water Resources Control Board (State Water Board) is authorized to administer \$11.4 million in bond funds from the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* (Proposition 40) and \$29.5 million in bond funds from the *Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002* (Proposition 50) for the AWQGP;
2. The CWA Section 319(h) provides grant funds for states to implement NPS Programs;
3. The State Water Board is the designated State agency in California to administer the NPS Program;
4. Surface water quality problems associated with runoff from irrigated agricultural lands are widespread in California;
5. Funding is needed to define and identify sources of surface water quality problems associated with irrigated agricultural runoff, and to implement measures to reduce or eliminate polluted runoff from irrigated agricultural land;
6. The State Water Board adopted Resolution No. 2004-0053 on August 26, 2004, approving the AWQGP and NPS Implementation Grant Program Guidelines for implementing the two programs;
7. The State Water Board considered input from the U.S. Environmental Protection Agency (USEPA) and State government agencies associated with agricultural practices in California, a broad spectrum of stakeholders, and the public regarding the development and implementation of the AWQGP and NPS Implementation Grant Program;
8. The State Water Board expects that of its Federal Fiscal Year (FFY) 2005 CWA Section 319(h) grant allocation, approximately \$4,566,586 will be available for project grants, and that additional monies from available funds from a prior year grant will fully support the CWA Section 319(h) grant projects;
9. In September 2004, the State Water Board's Division of Financial Assistance (Division) solicited grant proposals to implement the AWQGP and the CWA Section 319(h) NPS Implementation Grant program;
10. The State Water Board approved a Recommended Projects List (RPL) to implement the AWQGP on March 16, 2005;
11. The State Water Board approved an amended RPL to include CWA Section 319(h) projects to implement the AWQGP and the NPS Implementation Grant Program on April 21, 2005;
12. The proposals on the attached RPL were reviewed according to criteria in the AWQGP and NPS Implementation Grant Program Guidelines, adopted by the State Water Board on August 26, 2004, by a review panel made up of staff from the State Water Board, eight Regional Water Quality Control Boards, USEPA, US Geologic Survey, CA Bay-Delta

Authority, CA Department of Food and Agriculture, CA Department of Pesticide Regulation, CA Association of Resource Conservation Districts, Wetlands Subcommittee of the Interagency Coordination Committee, UC Davis Department of Entomology, and UC Sustainable Agriculture Research and Education Program. The proposals were also reviewed for administrative readiness by Division staff; and

13. The attached RPL was prepared by the Selection Panel, composed of liaisons from the review panel, in accordance with the adopted AWQGP and NPS Implementation Grant Program Guidelines. The projects recommended for funding are those judged by the Selection Panel most likely to reduce or eliminate NPS pollution.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Approves funding for project as recommended on the attached RPL;
2. Approves Proposition 40, Proposition 50 and CWA Section 319(h) funding for projects as recommended on the attached RPL contingent on grant agreements for Section 319(h) projects being executed after the State Water Board receives CWA Section 319(h) funds from USEPA; and
3. Authorizes the Executive Director, or her designee, or the Chief of the Division of Financial Assistance to issue grants, contracts, and amendments to implement the projects approved for funding and placed on the attached RPL.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on June 16, 2005.

Debbie Irvin
Clerk to the Board